

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Alaska Native Tribal Health Consortium****Federal Tax ID: 92-0162721****Project Title:**

Alaska Native Tribal Health Consortium - Anchorage Long Term Care Facility

State Funding Requested: \$ 7,500,000**House District: Anchorage Areawide (17-32)**

Future Funding May Be Requested

Brief Project Description:

Construction of Anchorage 100 bed Nursing Home and Assisted Living Complex

Funding Plan:**Total Cost of Project: \$51,650,000**

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
State Funds	\$150,000	2008			\$44,000,000	2010
Total	\$150,000				\$44,000,000	

Detailed Project Description and Justification:

The Pacific Health Policy Group January 2007 report on the Alaska Medicaid Program identified that partnering with the Alaska Tribal Health System (ATHS) could save the state significant general fund dollars due to the fact that tribal providers receive 100% federal Medicaid funding. In FFY 06 the state paid non-tribal nursing home providers approximately \$19 million for services provided to Alaska Native Medicaid Clients. The state could save as much as \$10 million annually, and much more in the future, if these services were provided by tribal health organizations.

The ATHS has developed Phase I of a statewide tribal long term care facility plan with funding provided by the legislature under SB 61. This plan identifies the statewide need for long term care beds for Alaska Natives, and provides a phased approach to facility development. Current organizational plans are included as Phase I of the implementation plan. These include: Maniilaq Associations's plans to build a nursing home wing onto their hospital in Kotzebue, the Yukon Kuskokwim Health Corporations's plans to build an assisted living home or nursing home in Bethel, NSHC's plans to address the need to maintain long term care beds associated with the construction of the new Nome hospital, and the Alaska Native Tribal Health Consortium's plans to support construction and operation of tribal long term care facilities in Anchorage.

The need for a tribal long term care facility in Anchorage is widely acknowledged by tribal health leaders. In 2004 there were 109 Alaska Native (AN) Medicaid clients requiring nursing home services in the Anchorage area. The number is expected to increase to 266 by 2020. Also in 2004, another 151 AN Medicaid clients resided in 66 assisted living homes in Anchorage. Recent Department of Health & Social Services projections indicate that operation of a 100 bed Anchorage nursing home by a tribal health organization would save the State \$5,962,519 in General Funds during the first full year of operation (at 85% occupancy with 90% Alaska Native Medicaid eligible occupants).

ANTHC is in the process of soliciting a contract for a consultant with expertise in long term care facility planning. The consultant will conduct a financial analysis of the cost and feasibility of construction, maintenance and operation of tribal long term care facilities in Anchorage. The consultant will be asked to consider a number of different models and levels of care to provide decision-making options. The need for non-acute hospital transition beds and hospice beds will be included in the analysis. The consultant's final report is expected by the end of May. A business decision and plans to proceed with be made regarding construction of the facility by June 30, 2008.

The current estimated cost of construction of a 100 bed long term care facility in Anchorage is approximately \$50 million. ANTHC requests \$7,500,000 in FY 09 state capital budget general funds to cover the cost of architectural and engineering design of a 100 bed facility or group of facilities, with the intent of requesting an additional \$44,000,000 in FY 10 for construction and operational start-up.

Project Timeline:

SFY 08 \$150,000 Financial Analysis

SFY 09 \$7,500,000 Land Acquisition & Design.

SFY 10/11 \$44,000,000 Facility Construction

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Alaska Native Tribal Health Consortium

Grant Recipient Contact Information:

Contact Name: Paul Sherry, Chief Executive Officer

Phone Number: (907) 729-1905

Address: 4000 Ambassador Drive, Anchorage, AK 99508

Email: psherry@anthc.org

Has this project been through a public review process at the local level and is it a community priority? ☐ Yes ☒ No

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON



ALASKA
STATE CAPITOL
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JUNEAU, ALASKA 99801-1182

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March 5, 2008

MEMORANDUM

To: Senator Stedman, Co-chair
Senator Finance Committee

From: Senator Olson

Re: Capital Budget Request for Long Term Care Facilities that affect savings in the State's general fund obligations to the Medicaid program.

An analysis by the Pacific Health Policy Group identified four long term care facilities that would qualify for 100% federal reimbursement of cost of service through the participation of Indian Health Service. Currently, this service requires that the state share 50% of the cost with general fund dollars. Construction of the four facilities then will affect long term savings to the state's general fund obligation to Medicaid. In the first year of the facilities' operation, the savings is estimated to be \$10,000,000 (see attachment). In a ten year period of operation (2011-2021), the accrued savings would amount to \$115,000,000.

The sponsoring organizations, location, and construction costs of the four long term care facilities in FY 09 are as follows:

Maniilaq Nursing Home, Kotzebue	\$7,000,000
YK Heath Corporation Nursing Home, Bethel	8,000,000
Alaska Native Tribal Health Consortium, Nursing Home, Anchorage	7,500,000
Norton Sound Health Corporation, Nursing Home Design, Nome	250,000

I would appreciate your consideration of these projects for inclusion in the FY 09 capital budget for district 99.

Janet Clarke
P.O. Box 32922
Juneau, Alaska 99803

March 5, 2008

Senator Lyman Hoffman
Co-Chairman
Senate Finance Committee
Room 519 State Capitol
Juneau, Alaska 99801

Senator Donald Olson
Senate Finance Committee
Room 514 State Capitol
Juneau, Alaska 99801

Re: REVISED Savings for long-term care projects

Dear Senators Hoffman and Olson:

You have asked me as a follow-up to the Pacific Health Policy Group report to analyze the requests for Long Term Care facilities for the Alaska IHS facilities.

There are four requests for capital funds for facilities in Anchorage, Kotzebue, Bethel and Nome.

My findings are:

1. The savings to the State Medicaid general fund over ten years (from 2011 to 2021) when all projects are built and occupied for all four facilities will be \$115 million (with a modest 3 % inflation). The current capital request to the State of Alaska for all four facilities is \$22.75 million.
2. The Kotzebue facility with a general fund request of \$7.0 million in construction and 18 beds will achieve a pay-back to the general fund or return on investment in 5.14 years (\$1.1 million savings first year).

3. The Bethel facility with a general fund request of \$8.0 million in construction and 18 beds will achieve a pay-back to the general fund or return on investment in 6.09 years (\$1.1 million savings first year).
4. The Anchorage facility with a general fund request of \$7.5 million in construction and 100 beds will achieve a pay-back to the general fund or return on investment in 1.16 years (\$6.3 million savings first year).
5. The Nome facility with a general fund request of \$250 thousand for a feasibility study will achieve a pay-back to the general fund or return on investment in 2 months if this feasibility study is the only portion of the project the state invests in (\$1.5 million savings first year).

These findings are based on the following:

- A. Projected GF savings analysis prepared by DHSS on February 29, 2008, which projected savings for each facility.
- B. Rather than the State Medicaid program having to pay the 50% state share from general funds, these qualified IHS facilities should receive 100% federal, thus saving the entire general fund annual operating cost. The savings to the general fund is based on the minimum regular FMAP for any state of 50%;
- C. Analysis based on 85% annual occupancy, also assumes 95% native occupancy of the beds.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Janet Clarke